



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
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October 21, 2016

VIA ECF

Hon. Vernon S. Broderick  
United States District Judge  
Thurgood Marshall Courthouse, Room 415  
40 Foley Square  
New York, NY 10007

Re: SEC v. Galanis, et al.;  
No. 15 Civ. 7547 (VSB)

Dear Judge Broderick:

We represent the Plaintiff, Securities and Exchange Commission ("Commission"), in the above-referenced matter. We write to provide an interim update on the status of this matter.

On December 1, 2015, the Court entered an order, stipulated to by the parties, staying this action pending resolution of the parallel criminal proceedings against the Defendants (the "Stipulated Order"). (ECF 19.) The Stipulated Order provides, *inter alia*, that the "stay shall continue until a judgment is entered in the Parallel Criminal Proceeding with respect to all Defendants." Each of the Defendants named in the Commission's complaint have now pled guilty or been convicted in the parallel criminal proceeding, captioned United States v. Jason W. Galanis, et al., No. 15 Cr 643 (PKC) (S.D.N.Y.) (the "Criminal Action"):

- Jason Galanis pled guilty to securities fraud and related charges on July 21, 2016, and is scheduled to be sentenced on December 9, 2016;
- John Galanis pled guilty to securities fraud and conspiracy to commit securities fraud on July 20, 2016, and is scheduled to be sentenced on December 2, 2016;
- Derek Galanis pled guilty to securities fraud and conspiracy to commit securities fraud on August 15, 2016, and is scheduled to be sentenced on December 15, 2016;
- Jared Galanis pled guilty to misprision of felony on August 22, 2016, and is scheduled to be sentenced on December 2, 2016;
- Gavin Hamels pled guilty to securities fraud and related charges on March 22, 2016, and is scheduled to be sentenced on January 1, 2017; and,

Hon. Vernon S. Broderick

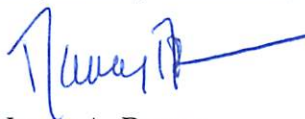
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- Gary Hirst was convicted at trial of securities fraud and related charges on September 28, 2016, and is scheduled to be sentenced on March 3, 2017.<sup>1</sup>

The Stipulated Order calls for the stay to be lifted upon entry of a judgment as to each Defendant in the Criminal Action. At this point, it is unlikely that final judgments as to all Defendants will be entered before March 2017, given that the final sentencing of Defendant Hirst in the parallel criminal matter is not scheduled until March 3, 2017.

Respectfully submitted,



Nancy A. Brown

cc:

Jason Galanis (via overnight mail)  
(w/ copy by email to Aaron K. McClellan, Esq.  
Counsel to Mr. Galanis in the Criminal Action)

John Galanis (via overnight mail)  
(w/ copy by email to David Touger, Esq.  
Counsel to Mr. Galanis in the Criminal Action)

Jared Galanis (via overnight mail)  
(w/ copy by email to James Lassart, Esq.  
Counsel to Mr. Galanis in the Criminal Action)

Vincent Filardo, Esq. (via email)  
(Counsel to Mr. Hirst)

Derek Galanis (via overnight mail)  
(w/ copy by email to Anthony Brass, Esq.  
Counsel to Mr. Galanis in the Criminal Action)

Gavin Hamels (via overnight mail)  
(w/ copy by email to Samuel Lieberman, Esq.)

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<sup>1</sup> The criminal indictment names a seventh defendant, Ymer Shahini, who is not named in the Commission's complaint, and who remains at large. The Stipulated Order does not condition the lifting of the stay on any judgment being entered with respect to Shahini.